# How to get Pradhan Mantri MUDRA Yojana (PMMY) Loan

MUDRA or Micro Units Development & Refinance Agency Limited is an institution setup by the Government of India for development and refinancing activities relating to micro units. MUDRA was announced by the Hon'ble Finance Minister in the 2016 Budget. Under MUDRA, loans are provided under three schemes namely 'Shishu', 'Kishor' and 'Tarun' to signify the stage of growth and funding needs of the beneficiary micro unit. This loan can be availed by Micro Units and Entrepreneurs in India. In this article, we look at the procedure for obtaining MUDRA loan.

# MUDRA

One of the biggest bottleneck for SMEs in India is the lack of financial support from the formal banking or financial sector. The lack of formal financing hampers growth of small businesses and makes them ineffective at competing with larger players. To remove this bottle neck and provide finance to micro units or Entrepreneurs, MUDRA Bank has been setup as a subsidiary of SIDBI.

MUDRA would be responsible for refinancing all financiers or financial institutions engaged in financing of Small Businesses, Societies, Trusts Section 8 Companies, Co-operative Societies, Small Banks, Scheduled Commercial Banks and Rural Banks which are in the business of lending to micro or small businesses engaged in manufacturing, trading and services activities.

# Loan under MUDRA

Loan is provided currently under three schemes in Pradhan Mantri MUDRA Yojana. The three schemes are as following:

- Shishu: Loan of upto Rs.50,000/=
- Kishor: Loans of above Rs.50,000 to Rs.5 lakhs.
- Tarun: Loans of above Rs.5 lakhs to Rs.10 lakhs.

## MUDRA Loan Eligibility

Any Indian Citizen who has a business plan for a non-farm sector income generating activity such as manufacturing, processing, trading or service sector and whose credit need is less than 10 lakh can approach either a Bank, MFI, or NBFC for availing of MUDRA loans under Pradhan Mantri Mudra Yojana (PMMY). The terms and conditions of the lendor would have to be followed for availing of loans under MUDRA. The lending rates are as per the RBI guidelines issued in this regard from time to time. Since, MUDRA is a refinancing institution, loans are not offered directly by MUDRA but through existing NBFCs, Financial Institutions, Banks, Primary Lending Institutions, etc.,

The target audience for MUDRA loans are millions of Proprietorship / Partnership Firms running a small manufacturing unit or service sector unit like shopkeepers, fruits/vegetable vendors, truck operators, food-

service units, repair shops, machine operators, small industries, artisans, food processors and others, in rural and urban areas.

# MUDRA Card

MUDRA Card Example

MUDRA loan is provided in the form of a MUDRA card wherein the borrower can avail credit in a hassle free and flexible manner through a RuPay card. The MUDRA card will provide working capital arrangement in the form of Cash Credit or Over Draft and can be used by drawing cash from ATM or making purchases using Point of Sale credit card swiping machines. MUDRA card also allows for repayment of the amount as and when surplus is available, thereby reducing interest burden.

# How to get MUDRA Loan

## Process for getting MUDRA Loan

To obtain MUDRA loan the borrower can approach the branch of a bank or financial institution providing MUDRA loan with the following documents and information.

- MUDRA Loan Application
- Business plan
- Proof of Identity like PAN / Drivers License / Aadhaar Card / Passport and more.
- Residence proof like recent telephone bill / electricity bill or property tax receipt and more.
- Applicant’s recent photograph less than 6 months old
- Quotation of machinery or other items to be purchased
- Name of supplier or details of machinery or prices of machinery
- Proof of identity / address of the business like tax registration, business license and more.
- Proof of category like SC/ST/OBC/Minority, if applicable

It is important to note that there is no processing fee or collateral requirement for obtaining MUDRA loan.

Sample MUDRA Loan Application Form

# Top Banks and Financial Institutions providing MUDRA Loan

The following are the top Banks and Financial Institution providing MUDRA loan in India. You can contact one or more of the following financial institutions with the relevant documents for obtaining MUDRA loan.

## Top 10 Public Sector Banks providing MUDRA Loan (as per total number of accounts as on October 11, 2015)

1. UCO Bank – 4,79,476 MUDRA Loan Accounts
2. State Bank of India – 4,67,062
3. Canara Bank – 3,35,270
4. Bank of India – 2,73,784
5. Syndicate Bank – 2,14,228
6. Indian Bank – 1,90,129
7. Punjab National Bank – 1,83,594
8. Bank of Baroda – 1,20,010
9. Central Bank of India – 1,11,820
10. Allahabad Bank – 1,10,044

## Top 10 Private Sector Banks providing MUDRA Loan (as per total number of accounts as on October 11, 2015)

1. HDFC Bank – 5,57,41, MUDRA Loan Accounts
2. IndusInd Bank – 4,95,954
3. Axis Bank – 4,36,323
4. ICICI Bank – 34,311
5. Ratnakar Bank – 28,408
6. Yes Bank – 9,627
7. Karnataka Bank – 4,958
8. Karur Vysya Bank – 3,222
9. South Indian Bank – 2,368
10. Lakshmi Vilas Bank – 1,449

## Top 10 Regional Rural Banks providing MUDRA Loan (as per total number of accounts as on October 11, 2015)

1. Uttar Bihar Gramin Bank – 1,11,509 MUDRA Loan Accounts
2. Pragathi Krishna Gramin Bank – 70,892
3. Karnataka Vikas Grameena Bank – 46,549
4. Kerala Gramin Bank – 44,525
5. Madhya Bihar Gramin Bank – 34,928

6. Baroda UP Gramin Bank – 32,743
7. Baroda Rajasthan Ksethriya Gramin Bank – 29,913
8. Andhra Pragathi Gramin Bank – 24,834
9. Pallavan Grama Bank – 22926
10. Allahabad UP Gramin Bank – 22,618

**For more information or help obtaining MUDRA Loan, get in touch with an IndiaFilings Advisors.**

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